

SENATE BILL NO. 462

INTRODUCED BY A. ELLIS

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATING TO PAYMENT OF DELINQUENT PROPERTY TAXES; ALLOWING THE RENEWAL OR EXTENSION OF A TAX AND REVENUE ANTICIPATION NOTE BECAUSE OF THE DELINQUENCY OF A MAJOR TAXPAYER; PROVIDING THAT THE INTEREST AND PENALTY PAYABLE FOR DELINQUENT PROPERTY TAXES WHEN A LOCAL GOVERNMENT OR SCHOOL DISTRICT HAS ISSUED TAX AND REVENUE ANTICIPATION NOTES IS 150 PERCENT OF THE NORMAL AMOUNT OF INTEREST AND PENALTY; CLARIFYING THAT A TAXPAYER MAY NOT MAKE A PARTIAL PAYMENT OF A TAX YEAR'S DELINQUENT TAXES FOR REDEMPTION OF A PROPERTY TAX LIEN; AND AMENDING SECTIONS 7-6-1105, 15-16-101, 15-16-102, 15-16-119, AND 15-18-112, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-1105, MCA, is amended to read:

"7-6-1105. Refunding and renewal of short-term obligations. (1) Short-term obligations may, from time to time, be renewed or refunded by the issuance of short-term obligations. ~~Short-term~~ Except as provided in subsection (2), short-term obligations may not be renewed or refunded to a date later than 6 months from the end of the fiscal year in which the original short-term obligation was issued.

(2) If a single taxpayer within the local government issuing the short-term obligation constitutes more than 10% of the total taxable valuation of the local government and the taxpayer is delinquent in the payment of its taxes on the maturity date of the short-term obligation, the short-term obligation may be renewed, refunded, or extended in a principal amount equal to the delinquent taxes until the local government has collected the delinquent taxes. A short-term obligation may not be renewed or extended beyond 4 consecutive years. The local government shall pay interest on the short-term loan while it is outstanding."

Section 2. Section 15-16-101, MCA, is amended to read:

"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the

1 receipt of the property tax record, the county treasurer shall publish a notice specifying:

2 (a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next
3 November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time, the
4 amount then due will be delinquent and will ~~draw interest at the rate of 5/6 of 1% per month from the~~
5 ~~time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty~~ be subject to
6 interest and penalty as provided in 15-16-102;

7 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on
8 the next May 31 and that unless paid prior to that time, the taxes will be delinquent and will ~~draw interest~~
9 ~~at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the~~
10 ~~delinquent taxes as a penalty~~ be subject to interest and penalty as provided in 15-16-102; and

11 (c) the time and place at which payment of taxes may be made.

12 (2) The county treasurer shall send to the last-known address of each taxpayer a written notice,
13 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount
14 due and delinquent for other years. The written notice must include:

15 (a) the taxable value of the property;

16 (b) the total mill levy applied to that taxable value;

17 (c) the value of each mill in that county;

18 (d) itemized city services and special improvement district assessments collected by the county;

19 (e) the number of the school district in which the property is located; and

20 (f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district
21 tax, and other tax.

22 (3) The municipality shall, upon request of the county treasurer, provide the information to be
23 included under subsection (2)(d) ready for mailing.

24 (4) The notice in every case must be published once a week for 2 weeks in a weekly or daily
25 newspaper published in the county, if there is one, or, if there is not, then by posting it in three public
26 places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure
27 to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax.

28 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
29 additional tax is not owed and a new tax bill does not need to be prepared."

30

1 **Section 3.** Section 15-16-102, MCA, is amended to read:

2 **"15-16-102. Time for payment -- penalty for delinquency.** Unless suspended or canceled under
3 the provisions of Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana,
4 except assessments made for special improvements in cities and towns payable under 15-16-103, are
5 payable as follows:

6 (1) One-half of the taxes are payable on or before 5 p.m. on November 30 of each year or within
7 30 days after the tax notice is postmarked, whichever is later, and one-half are payable on or before 5
8 p.m. on May 31 of each year.

9 (2) (a) Unless one-half of the taxes are paid on or before 5 p.m. on November 30 of each year or
10 within 30 days after the tax notice is postmarked, whichever is later, the amount payable is delinquent
11 and draws interest at the rate of 5/6 of 1% a month from and after the delinquency until paid and 2%
12 must be added to the delinquent taxes as a penalty is subject to interest and penalty as provided in
13 subsection (3).

14 ~~(3)(b)~~ All taxes due and not paid on or before 5 p.m. on May 31 of each year are delinquent and
15 draw interest at the rate of 5/6 of 1% a month from and after the delinquency until paid, and 2% must
16 be added to the delinquent taxes as a penalty are subject to interest and penalty as provided in subsection
17 (3).

18 (3) (a) Unless a local government has issued tax and revenue anticipation notes under Title 7,
19 chapter 6, part 11, delinquent taxes draw interest at the rate of 5/6 of 1% a month from and after the
20 delinquency until paid, and 2% must be added to the delinquent taxes as a penalty.

21 (b) If a local government or school district that would have received revenue from the taxes had
22 they not been delinquent issues tax and revenue anticipation notes under Title 7, chapter 6, part 11, and
23 the obligation under that part is still outstanding, delinquent taxes are subject to interest and penalty that
24 is 150% of the interest and penalty determined under subsection (3)(a).

25 (4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without
26 penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

27 (5) A taxpayer may pay current year taxes without paying delinquent taxes. The county treasurer
28 shall accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more
29 full taxable tax years, provided that if taxes for both halves of the current tax year have been paid.
30 Payment of taxes for delinquent taxes must be applied to the taxes that have been delinquent the longest.

1 The payment of taxes for the current tax year is not a redemption of the property tax lien for any
2 delinquent tax year.

3 (6) The penalty and interest on delinquent assessment payments for specific parcels of land may
4 be waived by resolution of the city council. A copy of the resolution must be certified to the county
5 treasurer.

6 (7) If the department revises an assessment that results in an additional tax of \$5 or less, an
7 additional tax is not owed and a new tax bill does not need to be prepared."

8

9 **Section 4.** Section 15-16-119, MCA, is amended to read:

10 **"15-16-119. Taxation of personal property -- duty of department -- collection by department of**
11 **administration.** (1) If the taxes on personal property are not a lien upon real property in the same county
12 in an amount sufficient to secure the payment of the taxes, the department shall assess the property and
13 compute the tax for the assessment. The department shall notify the county treasurer of the assessment
14 and the amount of taxes due. To compute the taxes due on the personal property, the department shall
15 use the appropriate mills levied during the previous year.

16 (2) The county treasurer shall notify the person against whom the tax is assessed and any other
17 person having a properly perfected security interest of record of the amount and due date of the tax. The
18 tax is due and payable 30 days from the date the treasurer mails the notice. Taxes not paid within 30 days
19 become delinquent, and the penalty and interest provisions of ~~15-16-101~~ 15-16-102 must be applied.

20 (3) The county treasurer shall, after the tax becomes delinquent, either proceed under subsection
21 (7) or levy upon and take into possession the personal property against which a tax is assessed or any
22 other personal property in the hands of the delinquent taxpayer. The county treasurer may proceed to sell
23 the property in the same manner as property is sold on execution by the sheriff.

24 (4) The county treasurer shall, for the purpose of making the levy and sale, direct the sheriff to
25 make the levy and sale. The sheriff, undersheriff, or any deputy sheriff of the county is ex officio a deputy
26 county treasurer for sale purposes and may receive payment of the taxes, penalty, and interest. The sheriff
27 is entitled to the fees, mileage, and costs, as provided in 7-32-2141 and 7-32-2143, which must be
28 assessed against the delinquent taxpayer.

29 (5) The county treasurer and the treasurer's sureties are liable on the treasurer's official bond for
30 all taxes on personal property remaining uncollected by reason of the willful failure and neglect of the

1 treasurer to levy upon and sell the personal property for the taxes levied upon the property, including
2 penalty and interest.

3 (6) Failure by the sheriff, undersheriff, or deputy sheriff acting as a deputy county treasurer to
4 make the levy and sale results in a levy against the official bond of the sheriff, undersheriff, or deputy
5 sheriff for payment of the delinquent tax, including penalty and interest.

6 (7) The county treasurer shall give the board of county commissioners a list of delinquent personal
7 property taxpayers and the taxes due. The board may order the county treasurer to verify the list under
8 oath and to send a copy of the list to the department of administration for collection under Title 17,
9 chapter 4, part 1.

10 (8) The provisions of this section do not apply to property for which delinquent property taxes
11 have been suspended or canceled under the provisions of Title 15, chapter 24, part 17."

12

13 **Section 5.** Section 15-18-112, MCA, is amended to read:

14 **"15-18-112. Redemption from property tax lien.** (1) Except as provided in subsection (3), in all
15 cases ~~where~~ in which a property tax lien has been acquired, the purchaser may pay the subsequent taxes
16 assessed against the property.

17 (2) Upon the redemption of the property from the property tax lien, the redemptioner shall, in
18 addition to the amount for which the property tax lien was sold, including penalties, interest, and costs,
19 pay the subsequent taxes assessed, with interest and penalty ~~thereon~~ on the taxes at the rate established
20 for delinquent taxes in 15-16-102.

21 (3) The property tax lien may also be redeemed for a particular tax year by ~~a partial~~ payment of
22 that tax year as provided in 15-16-102(5) if:

23 (a) the property tax lien for the year in which the ~~partial~~ payment is made is owned by the county;
24 and

25 (b) the tax deed has not been issued pursuant to 15-18-211."

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